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Elementary Principal

Jim L. Burgess
Superintendent

Ned G. Phillips
Junior & Senior High Principal

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February 19, 2001

Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

Request for Review by the Kansas Independent School District
Of the Decision of January 31, 2001 by the Universal Service
Administrator Denying in Full Funding for Internet Access.
Funding Year 3: July 1, 2000 through June 30, 2001
Form 471, No 174935, Funding Request Number 349687
Billed Entity No. 140140

Reference: CC Docket Nos. 96-45 and 97-21

Dear Commissioners:

We write to appeal the January 31, 2001 Decision of the Universal Service Administrator to deny *in full* our funding request for Internet Access. A copy of the letter of denial is attached.

Our application for *Internet Service* was changed by USAC to fall into the category of *Internal Connections* because of a \$23 fee for router maintenance. This router is a component of our Internet Service. We did not realize this fee would make the application ineligible for the category of Internet Access. This application, for \$788.45 monthly, is the Internet Access for our entire district and the change from Internet to Internal Connections disqualifies the whole amount because our district was funded at the 77% level for Funding Year 3.

Our appeal is based on two propositions: first, that denying all Internet funding because of a small, ineligible component is inconsistent with the line-item approach taken in Telecommunications Funding; and, second, that USAC is in the process of modifying this "global" disqualifying approach.

In support of the first proposition, please refer to our approved Telecommunications funding, as shown on the attached FRN 348280, where, you will notice, the dollar amount requested was modified on a line-item basis to exclude ineligible products. If a line-item approach is valid for Telecommunications funding, why is it not valid for Internet Access funding? Why wasn't the \$23.00 denied instead of our entire Internet Funding?

Secondly, we rely on the information on the USAC Schools and Libraries Program Web Site indicating that is Funding Year 4, SLD is abandoning the "one flaw kills all" approach to Internet Access funding in favor of the kinder and gentler line-item correction approach. We quote the text found on the Site: "In year 4, SLD is adopting a new approach to handling requests incorrectly

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featured as Priority 1." Further; "If the Internal Connections are less than 30% of the request but the approved discount is less than the denial threshold, the request will be reduced by the cost of the Internal Connections, since the Internal Connections would not be funded anyway and the Priority 1 services can be funded."

In conclusion we ask you to consider the purposes for which this program was founded. Our school is located in the remote foothills of the Ozark Mountains in rural northeast Oklahoma. The nearest urban center is 75 miles away. USAC internet access funding revolutionized our school by bringing the World Wide Webb to the desks of our students. Words are inadequate to describe the beneficial rewards of the program for our students or to estimate the painful consequences of its potential loss. This wonderful program was conceived to bring the internet to schools like ours. Please don't penalize our students because of a \$23.00 line item oversight.

Respectfully submitted,

A handwritten signature in black ink, reading "Mary Ingersoll". The signature is written in a cursive style with a large, flowing "M" and a long, sweeping "S" at the end.

Mary Ingersoll



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal - Funding Year 2000-2001

January 31, 2001

Jim Burgess or Mary Ingersoll
Kansas Indep School Dist 1-3
P.O. Box 196
Kansas, OK 74347

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Re: Billed Entity Number: 140140
471 Application Number: 174935
Funding Request Number(s): 349687
Your Correspondence Dated: May 8, 2000

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your appeal of SLD's Year Three Funding Commitment Decision for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 30-day time period for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which an appeal is submitted, a separate letter is sent.

Funding Request Number: 349687
Decision on Appeal: **Denied in full**
Explanation:

- The services you listed as Internet Access on your Form 471 included some internal connections services. Based on the original attachment and the copy of the original attachment you sent along with your appeal letter, there is a \$23 monthly cost for your dedicated internet router maintenance. Under the program rules, maintenance on a router owned by the applicant (confirmed by fax of 7/28/00) is an eligible service, which must be categorized under internal connections. Therefore, the category of service was changed from Internet access to Internal Connections. FCC rules require that where demand for funding exceeds available support, first priority be given to requests for telecommunications services and Internet access. *See* 47 C.F.R. §54.507(g)(1)(i). FCC rules further require that requests for internal connections be given second priority, and be funded only if funds remain after support has been provided for telecommunications and Internet access through all discount levels in a funding year. *See* 47 C.F.R. § 54.507(g)(1)(ii). Where demand for discounts for internal connections exceeds available support, FCC rules require

funding be awarded first to applicants eligible for a ninety percent discount level, and then at each descending single discount percentage until funds are depleted. *See* 47 C.F.R. § 54.507(g)(1)(iii). Program procedures further require that funding requests for telecommunications/Internet access services that include internal connections services be recategorized as internal connections services to prevent priority two services (internal connections) being treated as priority one services (telecommunications and Internet access services) for funding decisions.

- Since your Form 471 included some internal connections services within your Block 5 request for priority one services, your Form 471 request has been recategorized as a request for internal connections services. For Funding Year Three, there are not sufficient funds to provide internal connections discounts to applicants at your discount rate. Your discount eligibility is 77%. Consequently, SLD denies your appeal because there is insufficient funding for Funding Year Three to provide discounts for internal connections requests to applicants that are below the 82% shared discount level.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission, Office of the Secretary, 445 12th Street, SW, Room TW-A325, Washington, DC 20554. Please reference CC Docket Nos. 96-45 and 97-21 on the first page of your appeal. Before preparing and submitting your appeal, please be sure to review the FCC rules concerning the filing of an appeal of an Administrator's Decision, which are posted on the website at <www.universalservice.org>. **You must file your appeal with the FCC no later than 30 days from the date on this letter for your appeal to be filed in a timely fashion.**

We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

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FUNDING COMMITMENT REPORT

Form 471 Application Number: 174935

Funding Request Number: 349687 Funding Status: Not Funded
SPIN: 143002397 Service Provider Name: Salina-Spavinaw Tel. Co.
Contract Number: 2000-868-2562
Services Ordered: Internal Connections *was changed from Internet Access*
Earliest Possible Effective Date of Discount: 07/01/2000 *Letter y Appeal 5/8/2000*
Contract Expiration Date: 06/30/2001
Billing Account Number: 918-868-2562
Pre-Discount Amount: \$9,461.40

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Discount Percentage Approved by the SLD: N/A
Funding Commitment Decision: \$0.00 - Srvc/Discnt will NOT be funded
Funding Commitment Decision Explanation: The category of service changed from
Internet Access to Internal Connections. Funding cap will not provide for Internal
Connections less than 81% discount to be funded.

USAC Service Provider
 2000868-2562 Contract
 Block 5, No. 21
 Attachment Kans Schl 02

Salina-Spavinaw Telephone Co., Inc. USAC SPIN 143002397
 P. O. Box 600, Salina, OK 74365-0600
 1-800-722-3450

Customer Name:	Kansas Public School
Customer Address:	PO Box 196, Kansas, OK 74347-0196
Customer Form 470 Application Number:	208510000253264
Contract Number:	2000-868-2562
Allowable Contract Date:	December 17, 1999
Contract Period:	July 1, 2000-June 30, 2001
Account Number:	918-868-2562
Approved Discount Rate:	80% (estimate)

Monthly Charges

Description of Charges	Qty	Unit Price	Pre-Discount Total	Discounted Total	Balance Due
Eligible Internet Services					
School Internet Dial-Up Account	1	\$15.45	\$15.45	\$12.36	\$3.09
Dedicated Internet T-1 Direct Connection	1	\$750.00	\$750.00	\$600.00	\$150.00
Dedicated Internet Router Maintenance	1	\$23.00	\$23.00	\$18.40	\$4.60
Sub Total of Eligible Internet Services			\$788.45	\$630.76	\$157.69
			Total Due	USAC Amount Due	School Amount Due
TOTALS			\$788.45	\$630.76	\$157.69
ELIGIBLE SERVICES			\$788.45	\$630.76	\$157.69
INELIGIBLE SERVICES			\$0.00	\$0.00	\$0.00
GRAND TOTAL OF MONTHLY SERVICES			\$788.45	\$630.76	\$157.69

One-Time Install Charges for New Services

Qty	Unit Price	Pre-Discount Total	Discounted Total	Balance Due
		\$0.00	\$0.00	\$0.00
		Total Due	USAC Amount Due	School Amount Due
		\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00
		\$0.00	\$0.00	\$0.00
GRAND TOTAL OF ONE-TIME COSTS		\$0.00	\$0.00	\$0.00

FUNDING COMMITMENT REPORT

Form 471 Application Number: 168716

Funding Request Number: 348280 Funding Status: Funded
SPIN: 143002397 Service Provider Name: Salina-Spavinaw Tel. Co.
Contract Number: 2000-868-2562
Services Ordered: Telecommunications Services
Earliest Possible Effective Date of Discount: 07/01/2000
Contract Expiration Date: 06/30/2001
Billing Account Number: 918-868-2562
Pre-Discount Amount: \$18,835.32
Discount Percentage Approved by the SLD: 77%
Funding Commitment Decision: \$14,503.20 - FRN approved; modified by SLD
Funding Commitment Decision Explanation: The dollars requested were reduced to
remove: the ineligible products Keysystem Line w/Emergency Alert and Speakers, and
related installation.